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Mr. Michael DeVos
Executive Director
Michigan State Housing Development Authority
735 East Michigan Avenue
P.O. Box 30044
Lansing, MI 48909

Dear Mr. DeVos,

The purpose of this letter is to implore you and the MSHDA Board of Directors to consider changing the 2008 Qualified Allocation Plan in order to strategically support the targeted communities identified in the NEXT Detroit Neighborhood Initiative (NDNI) through Low-Income Housing Tax Credits (LIHTC). The NDNI represents the next phase of the City of Detroit's long-term effort to lead the transformation and restoration of Detroit as a center of economic, social, and cultural prosperity. Partnering with civic, business, and non-profit leaders while seeking and receiving extensive input from neighborhood residents, my Administration developed a coordinated plan that addresses the unique needs of individual neighborhoods. The NDNI represents a precise and direct community development effort that addresses all of the basic needs a neighborhood might have. The six areas selected for the first phase of the NDNI have varying needs, but one of the most significant is the availability of safe and affordable housing. Providing housing that meets the needs of every family is central to building vibrant, prosperous, and safe neighborhoods. Critical to the success of the Initiative and the transformation of Detroit will be supplying enough affordable housing to Detroit's low and moderate-income residents; to this end, low-income housing tax credits have the potential of significantly assisting in the achievement of this objective.

The NDNI framework provides three distinct typology and strategy classifications for participating neighborhoods: Reinforce, Revitalize, and Redevelop. Communities classified as revitalize and redevelop have the greatest affordable housing needs; this includes Osborn, Grand River – Greenfield, Brightmoor, and Northend. More than one half of all households in each of these neighborhoods have an income less than \$35,000; Northend has the greatest proportion with more than seventy percent of its households below the \$35,000 threshold. As a result of low household incomes, at least one third of all housing units are renter-occupied in the revitalize and redevelop communities. The demand for renter-occupied housing is greatest in Northend, where 55% of all housing units are rented. Lastly, of the 141,479 renter-occupied units in the City of Detroit, the rent for more than 84,000 or 60% of the units is greater than thirty percent of their occupants' household income. The need for quality affordable housing is great throughout these four neighborhoods, and any hopes of catalyzing revitalization must fill this critical gap.

With over sixty percent of all renter-occupied housing units consuming such a large proportion of their occupants' income, economic growth is suppressed and urban redevelopment is prevented from occurring. Although the buying power of low-income communities is often underestimated, it is reduced significantly by the high cost of housing.

The private housing market has not supplied the requisite affordable housing stock needed in these four-targeted NDNI communities. Low-income housing tax credits provide a necessary and powerful incentive for private developers to build housing accessible to low- and moderate-income families. LIHTC would reduce the economic risk in these four neighborhoods to private real estate investors by pairing public subsidies and free-market forces. LIHTC is one of the few substantial policy tools available to spur significant investment in these areas. The mission of LIHTC is two-fold; it is meant to meet the immediate need for safe and affordable housing while creating an economic platform whereby community development can begin and accelerate.

Targeting LIHTC to developers in the Revitalize neighborhoods of Grand River – Greenfield and Osborn would help utilize vacant land and decrease dilapidated dwellings. The importance of this action is underscored by the fact that over one-third of all residents in Grand-River Greenfield and Osborn are under eighteen years of age; vacant, dilapidated, and blighted properties pose a huge safety risk to the children in these communities, thus their removal and development is of paramount concern. The Redevelop neighborhoods of Brightmoor and the Northend face similar issues as Grand River-Greenfield and Osborn, yet the threat of displacement due to gentrification is even greater. In order to reduce or eliminate any displacement effect mixed-income development projects must be pursued, and the LIHTC is an ideal mechanism whereby the NDNI is able to improve the housing stock in Brightmoor and the Northend while protecting the low-income residents from dislocation.

According to a recent publication from the Brookings Institute, "Restoring Prosperity: The State Role in Revitalizing America's Older Industrial Cities," the economic health of a state and region is interdependent upon the financial stability and growth of its major urban centers. Michigan's economic troubles will be hard to solve, and more importantly its financial potential difficult to maximize as long as much of Detroit remains vacant, blighted and economically depressed. The success of NDNI neighborhoods will provide a critical base from which redevelopment throughout Detroit can begin; however, imperative to this process is building the affordable housing stock within the city, and for that to occur LIHTC becomes a necessary tool. Thank you for your consideration on this very important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Kwame M. Kilpatrick", written over a horizontal line.

Kwame M. Kilpatrick

Mayor